



**HOUSE COMMITTEE ON THE BUDGET**  
Majority Caucus • Jim Nussle, *Chairman*

309 Cannon House Office Building  
[www.budget.house.gov](http://www.budget.house.gov) • (202) 226-7270

Vol.2, No. 4

11 June 2002

## **HOW ‘DEEMING’ ENFORCES BUDGETING**

### **A REVIEW OF FISCAL DISCIPLINES IN FORCE**

#### **INTRODUCTION**

Since passage of the 1974 Congressional Budget Act, only once has Congress faced a year without a budget resolution. That was in 1998 – and the House responded with a special resolution authorizing enforcement of the House budget resolution levels.

With a similar problem looming this year – due to the Senate’s failure to act on a budget – the House has adopted a similar remedy. Included in the rule on the emergency antiterrorism bill, passed just before Memorial Day, is language “deeming” the entire House-passed budget resolution to be in force, governing all spending bills that come forward. In effect, the House has adopted a final budget, even in the absence of Senate action. This also means that congressional budget controls under the Budget Act can be enforced.

The discussion below reviews events leading to the House deeming resolution, and describes the principal budget enforcement measures that can now be applied in the House.

#### **THE FISCAL YEAR 2003 BUDGET**

The House passed its budget resolution, H.Con. Res. 353, on 20 March 2002. The resolution reflected congressional entitlement initiatives, such as Medicare reform with prescription drugs, and concurrent receipt of military retirement and veterans disability benefits.

The Senate Budget Committee reported a budget resolution during the same week, and normally the full Senate would have taken up the measure shortly thereafter. But the Senate did not act. Indeed, the Senate has yet to begin debate on a budget resolution, and the prospects still appear to be dim.

Without a Senate budget resolution, it is of course impossible to write a conference report on the budget – which is the legally required blueprint for subsequent budgetary actions in both chambers.

When Congress faced this situation in 1998 – during the 105<sup>th</sup> Congress – the House passed H.Res. 5, which authorized the enforcement of all mandatory and discretionary allocations, and the budget aggregates.

This year’s deeming measure similarly implements the entire House-passed budget resolution. This will enable the initiatives assumed in the budget to be accommodated in an orderly fashion, just as if the House and Senate had passed a normal budget resolution conference report. The deeming resolution will remain in effect until the Senate passes a budget resolution of its own, and the two chambers pass a budget conference report.

Still, that does not overcome all the difficulties caused by the Senate’s failure to produce a budget. Although House measures will have budgetary guidelines, bills passed in the Senate will not – and this will make it especially difficult for conference committees to reach final agreements. Normally, a budget resolution conference report – which provides a common set of assumptions for both chambers – would help smooth out these differences.

#### **HOW “DEEMING” IS ENFORCED**

As noted above, passage of the deeming resolution means that the House will operate just as if H.Con.Res. 353 had been passed as a budget resolution conference report. This sets the committee level limits – in particular the 302(a) allocations of the Appropriations Committee and the authorizing committees – and the overall levels of spending

(continued on reverse side)

---

---

and revenue. As bills come to the floor of the House, they must comply with the provisions of the Congressional Budget Act. The major enforcement mechanisms are:

**Section 302(f):** This point of order lies against any measure which causes a committee to exceed its allocation of budget authority. Each committee with jurisdiction over spending programs, whether mandatory or discretionary, receives an allocation in the budget resolution. For each authorizing committee, if the resolution assumes no increases for programs with “direct spending” – spending not subject to annual appropriations – the allocation is a baseline level. Therefore, any direct spending increases the committee proposes must be offset, in the first year and over 5 years, by reductions elsewhere within the committee jurisdiction.

The Appropriations Committee is given a single allocation of total budget authority – an amount intended to cover all discretionary spending for the budget year. The Appropriations Committee then subdivides this amount among its 13 subcommittees. Any measure brought to the floor that causes discretionary spending to exceed the Appropriations Committee’s total allocation is subject to a 302(f) point of order.

**Section 303:** This point of order lies against any measure causing budget authority to be increased or decreased, or revenue to be raised or lowered, that first becomes effective in an “outyear” – that is, any year *after* the first year covered by the budget resolution in force. Until passage of the deeming measure, the budget resolution in force was the one

for fiscal year 2002, passed last spring. As a result, all bills that began spending programs in fiscal year 2003 – which was most of them – were subject to this point of order. Passage of the deeming resolution solved that problem. Under the discipline now adopted, measures under consideration must have their first budget effect in fiscal year 2003, or they will be subject to this point of order.

**Section 311:** This point of order lies against bills that cause the aggregate levels of budget authority to be exceeded, or the aggregate levels of revenue to be below the level provided in the budget resolution. The Budget Committee periodically publishes a current level of spending and revenue. This year, the budget resolution has assumed \$28 billion in revenue reductions (compared with the baseline) over 5 years. Hence, until enactment of legislation reducing revenue by more than that amount, no section 311 point of order will lie against bills that reduce revenue.

**Reserve Funds:** The budget resolution provides for a number of reserve funds. These are amounts, held back from the allocations to the various committees, designed to be released for specific purposes.

For instance, the budget assumes that the Ways and Means Committee and the Energy and Commerce Committee will report a bill reforming Medicare and providing for a prescription drug benefit for seniors. Once such a bill is reported, the Budget Committee chairman will make the appropriate adjustment in the committees’ allocations, allowing the bill to come to the floor.

---

Prepared by ..... Paul A. Restuccia  
Deputy Chief Counsel